Mr. K. Krishna Warriar.—This question was pressed with regard to the cocoanut and other products but then it was said it will be included after the present survey was over.

Mr. K. M. Ibrahim.—Is it impossible to do it simultaneously?

Mr. K. Krishna Warriar.—It is quite impossible because their attention may have to be diverted to other duties and they may not be able to finish the work in time.

Mr. A. Narayana Menon.—Considering the importance of the two products will the Government be pleased to make some special arrangement for carrying on a survey with regard to the products of the State?

Mr. K. Krishna Warriar.—Yes.

Protection of cocoanuts and cocoanut products.

195. **Mr. P. Kumaran Ezhuthassan.**—Will the Government be pleased to state.—

(a) whether they are in possession of the report of the Sub-committee of the Imperial Council of Agricultural Research on the question of protection to cocoanuts and cocoanut products;

(b) whether a copy of the same can be placed on the Council Table?

Mr. K. Krishna Warriar.—(a) Yes.

(b) A copy is appended. *(Appendix III.)*

Mr. P. Kumaran Ezhuthassan.— May I know whether reports on the various subjects dealt with by the Imperial Council of Agricultural Research from time to time could not be made available to the Members of this House as they are got by the Government?

Mr. T. S. Narayana Ayyar.— Certainly. Such of the reports as are available to us can be supplied.

Mr. E. Ikkanda Warriar.— May I suggest that it may be published in the Government Gazette?

Mr. T. S. Narayana Ayyar.— That depends upon the length of the report.

Mr. P. Kumaran Ezhuthassan.— May I request the Government that some methods may be found out to have these reports available to the Members as they are received by the Government?

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Mr. T. S. Narayana Ayyar.—That will be borne in mind.

Funds deposited with Messrs. Grindlay and Co., Bombay.

196. **Mr. K. S. Panickar.**—Will the Government be pleased to state whether their funds had been deposited with a firm at Bombay at any time in 1110; if so, which firm; has that amount been drawn; what is the balance left with that firm?

Mr. P. V. Subramania Ayyar.— Yes ; with Messrs. Grindlay & Co., Rs. 2 lakhs was deposited with them on 5th Chingam 1110 and withdrawn on 5th Chingam 1111.

മിസ്റ്റർ കെ. എസ്സ്. പണിക്കർ.— ഇതിന് എന്തായിരുന്നു പലിശ?

Mr. P. V. Subramania Ayyar.—It was already expressed to the House that rates of interest received from Banks are not usually disclosed.

Mr. Shabdai S. Koder.—Did they give more than the National Bank of India?

Mr. P. V. Subramania Ayyar.—Yes.

മിസ്റ്റർ വി. കെ. കുട്ടി.— ഗവൺമെൻറിൽനിന്ന് ലോണിന് എന്തു പലിശ കൊടുക്കുന്നുണ്ട്?

Mr. P. V. Subramania Ayyar.—5 per cent.

മിസ്റ്റർ കെ. എസ്സ്. പണിക്കർ.— ഇതിന് എന്തു പലിശ വരുമെന്നു തീർച്ചയാക്കുവാൻ ഗവൺമെൻറിനു സാധിയ്ക്കുമോ?

മിസ്റ്റർ പി. വി. സുബ്രഹ്മണ്യയ്യർ.— നോട്ടീസു വേണം.

മിസ്റ്റർ സി. ആർ. ഇയ്യുണ്ണി.— മറ്റു ബാങ്കുകളിലെ പലിശ നിരക്ക് അന്വേഷിച്ചതിനു ശേഷമാണോ ഈ സംഖ്യ പലിശയ്ക്കു കൊടുത്തിരിയ്ക്കുന്നത്?

Mr. P. V. Subramania Ayyar.—Yes.

മിസ്റ്റർ സി. ആർ. ഇയ്യുണ്ണി.— ഏതു ബാങ്കിലാണ് അവശ്യപ്പെട്ടത്?

Mr. P. V. Subramania Ayyar.— I think only the important banks are consulted. I cannot give you the names.

മിസ്റ്റർ സി. ആർ. ഇയ്യുണ്ണി.—അവരുടെ പലിശയിൽ ഏറ്റവും കൂടുതൽ തുക എന്താണ്?

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APPENDIX III.

Report of the Sub-committee of the Imperial Council of Agricultural Research on the question of protection to Cocoanuts and Cocoanut products.

The Committee considered the following documents :—

The report presented by Dr. Patel on the cocoanut enquiry in India; the comments on this report by the Advisory Board of the Council; the memorial and note submitted by the Cocoanut Growers' Association, Narakkal; a memorandum by the Travancore Chamber of Commerce; a note by one of its members (Mr. S. D. Saklatwala), who was unable to attend; and a memorandum from the Buyers' and Shippers' Chamber, Karachi. It also had before it a statement of recent prices for cocoanut products prepared by the statistical section of the Imperial Council of Agricultural Research and other statistical information. The representative from Burma desires it to be made clear that his instructions do not authorise him to commit the Government of Burma to any of the conclusions of the Committee.

2. After very careful consideration the Committee is agreed that steps should be taken to raise the price of cocoanuts, copra and cocoanut oil and other cocoanut products in India to a level more in accordance with the cost of production. The statistics published by the League of Nations show that by January 1934, world prices of cocoanut oil had fallen far more than the prices of other agricultural products. There had also been a marked fall in the prices of cocoanut oil and copra in India since January 1933 and cocoanut oil which is normally somewhat more expensive than ground-nut oil is now appreciably cheaper whilst it is very much cheaper than gingelly oil and has been increasingly so since 1931. That cocoanut oil and copra are now disproportionately cheap compared to other agricultural produce in India will be clear from the price quotations and index figures attached.

3. Those members of the Committee who have personal knowledge of South India conditions impressed on us the extent of the hardship which has been caused in those areas, *viz.*, Malabar, Travancore and Cochin which are dependent on cocoanuts. There are large imports of cocoanut oil and copra from Ceylon and such imports have increased, rather than decreased, since Dr. Patel's report was made; this will be clear from the progressive totals for the period April to November 1934, as compared to the corresponding period for 1933 and 1932, shown in Annexure I. There is reason to believe that both cocoanut oil and copra are being exported from Ceylon at distress prices. Cocoanut Companies in Ceylon are paying no dividends and the list of share quotatians in Annexure II shows that their shares are almost a drag on the market. In the same Annexure will be found an extract from "Statement of Objects and reasons" for the Ceylon Cocoanut products Ordinance, 1934, which emphasises the same point.

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4. Using the figures contained in Dr. Patel's report, we have prepared what appears to us to be a fair estimate of the cost of production of copra in South India. Details of this are given in Annexure III and it is sufficient to say here that taking the cost of establishing a cocoanut garden at Rs. 580 per acre, allowing 10 years for it to come into full bearing and a life of 50 to 60 years, the cost of producing a ton of copra, if the cocoanut garden owner is allowed 6 per cent on his investment amounts to Rs. 219 per ton. The tariff valuation in January 1935 for imported copra is Rs. 120 per ton or say Rs. 135 after allowing for landing charges, etc., at either Alleppey or Cochin. This leaves a gap of Rs. 84 per ton between the cost of producing Indian copra and the price of imported copra.

If the lower figure (Rs. 200 per acre) instead of the average figure (Rs. 250 per acre) for the cost of suitable land mentioned in Dr. Patel's report be adopted, the cost of establishing an acre of garden would be reduced by Rs. 50 and the cost per ton of copra by Rs. 13 to Rs. 206. The difference between Indian copra and imported copra would then be Rs. 71 per ton.

5. Whilst the ad valorem rates of duty on copra and cocoanut oil have been raised since 1929, the actual duty charged has fallen heavily due to the fall in c. i. f. prices of the imported product. The actual duty on a ton of copra in April 1929 was Rs. 69 although the ad valorem rate of duty was only 15 per cent. At that time cocoanut growers were not making large profits but there was no actual distress and we consider that if the 1929 position could be restored, so far as the import duty is concerned, the cocoanut industry in South India would have a chance of recovery. In the light of our calculation of the cost of production we consider that the actual duty on copra should be Rs. 70 per ton at least and the same duty should apply to "dessicated cocoanut." We feel confident that an enquiry by the Tariff Board would confirm our conclusions in this respect.

6. With the present abnormalities in the world prices for agricultural produce ad valorem duties alone are unlikely to give a sufficient measure of protection to producers of agricultural commodities and there are also weighty objections on principle to very high ad valorem rates of duty; there are also objections to rigidly fixed specific rates of duty. We therefore suggest that copra should continue to be liable to a relatively low ad valorem rate of duty but that it should be subject to a minimum specific duty of Rs. 70 per ton which is the equivalent of 15 per cent ad valorem at 1929 prices.

7. The Relationship of duty on cocoanut oil to that of copra is a matter of great importance. At present the ad valorem rate of duty on cocoanut oil is 25 per cent as compared to 20 per cent on copra but owing to changes in tariff valuations following changes in world prices, the relationship between

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duties on copra and cocoanut has fluctuated sufficiently to be a disturbing factor in the copra-crushing industry, It is important that the actual duty on cocoanut oil should be so calculated that the duty paid on 12 cwt. of oil is identical with that on a ton of copra from which it can be produced; this follows from the fact that the average extraction of oil from Ceylon copra is 60 per cent. On theoretical grounds it may be argued that a deduction should be made from the actual duty on cocoanut oil to allow for the fact that imported cocoanut cake is liable to a duty of 25 per cent ad valorem. In actual fact there are no such imports and the disposal of cocoanut cake is not always an easy matter for oil-crushers. Moreover, as shown in Dr. Patel's report the oil crushing industry might reasonably advance a claim for a small differential in their favour since shipping freight and charges on Ceylon copra are some-what higher than on imported cocoanut oil. All things considered, we suggest that these two items more or less balance but we accept the view of the representatives of the milling industry that there should be an additional duty of Rs. 3 per ton on cocoanut oil to compensate for the higher freight on cocoanut oil from west coast ports to Calcutta as compared to freights on the same commodity from Colombo. Hence the minimum specific duty on cocoanut oil should be Rs 120 per ton.

8. The minimum specific duty on imported cocoanuts should be similarly adjusted so as to be proportionate to that on copra. As 4,800 Ceylon cocoanuts yield one ton of copra on an average this would be approximately Rs. 15 per 1,000.

9. If the minimum specific duties at the above level are introduced there would be no objection to the reduction of the ad valorem rate of duty in Ceylon and other Empire Copra and cocoannt oil and cocoanuts to 15 per cent ad valorem, since the minimum necessary protection to the local cocoanut growing industry would be provided by the minimum specific duty.

10. A reference is made in the report to the export duty on cocoanuts, copra and cocoanut oil from the Travancore State and to the differential in the export duty between copra and cocoanut oil which in effect is a bounty to Travancore oil-crushers at the expense of the cocoanut grower. The export duty itself has been in existence for a number of years and is connected with the system of revenue assessment in the Travancore State and we have been informed that the total tax on cocoanut growing in Travancore State is not excessive. Nevertheless, in view of the fact that we are recommending the introduction of a protective import duty on cocoanuts and cocoanut products, we venture to suggest that the Travancore Government might well consider whether its revenue position would permit the removal of the export duty on

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cocoanuts and cocoanut products in order that their agriculturists may receive the full benefit of the measures which we are recommending. As Dr. Patel's report shows the Ceylon Government has recently abolished export duties on both cocoanuts and cocoanut products. In any event, we would urge the Travancore Government to consider the removal of the differential duty on copra. If the retention of an export duty is unavoidable, we suggest that it should be so calculated that the export duty on one ton of copra would be identical with that on 12 cwt. of cocoanut oil.

11. We have considered the question as to whether a rise in the price of cocoanut oil would lead to the substitution of other vegetable oils for cocoanut. It seems not unlikely that the immediate effect would be to encourage the substitution of ground-nut oil made in India for at least a proportion of the imported cocoanut oil; this would, probably only be reversing the process which has been taking place during the last two or three years when cocoanut oil has been disproportionately cheap. So far as we can judge the increase in duty which we have proposed, if fully effective, would raise the price of cocoanut oil by about eleven annas per Bombay maund of 28 lbs. above that of ground-nut oil. We observe that this difference has been as high as Re. 1 in favour of cocoanut oil in the past and that a difference of eight annas is not uncommon.

12. We would also draw attention to the various recommendations made in the report for the improvement of the efficiency of cocoanut production and the marketing of cocoanuts and cocoanut products. If the cocoanut Industry in India is granted protection for a reasonable term of years, we consider that during that period a sustained effort should be made to establish an efficient industry which can hold its own without special assistant. We desire however to state our view that some form of protection is an indispensable preliminary to progress. Unless cocoanut growers receive some relief, and that very quickly, rapid deterioration is inevitable. We are informed by the South India representative that the manuring of cocoanut palms has been discontinued; that the cultivation in the gardens is being neglected and that even the maintenance of the bunds, which are necessary to prevent these low-lying tracts from reverting to swamp, is now being neglected. Unless the price of cocoanut products can be improved, much of the capital invested in cocoanut gardens may permanently be lost and a permanent contraction take place in the copra-producing capacity of South India.

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